

ESTTA Tracking number: **ESTTA703365**

Filing date: **10/20/2015**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91221822
Party	Defendant Seven For All Mankind, LLC
Correspondence Address	SUSAN M KAYSER JONES DAY 51 LOUISIANA AVE NW WASHINGTON, DC 20001 UNITED STATES skayser@jonesday.com, jbradley@jonesday.com, kbaird@jonesday.com, apre- vatt@jonesday.com, nytef@jonesday.com
Submission	Reply in Support of Motion
Filer's Name	Susan M. Kayser
Filer's e-mail	skayser@jonesday.com, jbradley@jonesday.com, kbaird@jonesday.com, apre- vatt@jonesday.com, nytef@jonesday.com
Signature	/Susan M. Kayser/
Date	10/20/2015
Attachments	10-20-2015 Applicant's Reply in Support of Motion to Strike.pdf(134214 bytes)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

Seven S.p.A.,

Opposer,

v.

Seven for All Mankind, LLC,

Applicant.

§
§
§
§
§
§
§
§
§
§

Opposition No. 91221822

**APPLICANT’S REPLY IN SUPPORT OF ITS
MOTION TO STRIKE AFFIRMATIVE DEFENSES AND
IMPROPER DENIALS FROM OPPOSER’S ANSWER TO COUNTERCLAIMS**

Pursuant to Trademark Board Manual of Procedure § 506.01 and Fed. R. Civ. P. 12(f), Applicant Seven for All Mankind, LLC (“SFAM” or “Applicant”) respectfully submits this reply in support of its Motion to Strike Affirmative Defenses and Improper Denials From Opposer Seven S.p.A.’s (“Opposer”) Answer to Counterclaims. Opposer’s response confirms that Applicant’s motion should be granted. Opposer’s Opposition fails to identify any law or facts that would support (1) maintaining Opposer’s unavailable affirmative defenses against the fraud and abandonment counterclaims, or (2) the improper denials that fail to meet the pleading requirements of Fed. R. Civ. P. 8. This Reply responds to issues raised by Opposer’s Opposition to the Motion to Strike, and will assist the Board in clarifying the issues.

Motions to strike are appropriate for legally insufficient affirmative defenses or denials, such as equitable defenses improperly asserted against claims of fraud and abandonment, and where a party avoids the pleading requirements through equivocal pleading. *See Ohio State Univ. v. Ohio Univ.*, 51 U.S.P.Q.2d 1289, 1294 (TTAB 1999) (granting motion to strike affirmative defense noting that “Applicant has cited no persuasive decisional authority in support

of maintaining such a defense and we are aware of no such authority”); *Lipton Indus. v. Ralston Purina Co.*, 670 F.2d 1024, 1030 (C.C.P.A. 1982) (“denials must not be evasive. An answer which attempts to evade the pleading requirements of Rule 8 by the tactic of an equivocal admission or denial is an admission”). *See also* Fed. R. Civ. P. 12(f). Here, Opposer has not identified any persuasive decisional authority supporting the maintenance of its insufficient affirmative defenses, or evasive denials.¹

I. Opposer’s Affirmative Defenses Should be Stricken

The Board’s controlling, precedential case law clearly holds that the affirmative defenses of laches, acquiescence, and estoppel are not available against claims for fraud and abandonment. (*See* 8 TTABVue, App. Motion to Strike, pp. 3-4). The Trademark Trial and Appeal Board Manual of Procedure (“TBMP”) is consistent with the Board’s precedent and cites the binding Board precedent holding that these affirmative defenses are not available. TBMP §§ 311.02(b) n.7, 506.01 n.7.

Moreover, assuming *arguendo* that there is any inconsistency between the TBMP and the Board’s precedential case law, the case law controls. The TBMP guidelines “do not have the

¹ Opposer’s cited cases (at pages 1-2) are inapposite. Unlike the movant in *Salcer v. Envicon Corp.*, Applicant’s motion is not raising a novel or unsettled legal issue. *Salcer v. Envicon Equities Corp.*, 744 F.2d 935, 939 (2d Cir. 1984) (denying motion to strike affirmative defense that raised a “confused and unsettled” legal issue so novel that the court described it as “[w]e have never addressed the question” and “courts considering the question have reached different conclusions”). Opposer’s remaining cited authorities are factually distinguishable and do not provide a basis for Opposer to maintain its insufficient affirmative defenses or evasive denials. *See, e.g. Leon Shaffer Golnick Advertising, Inc. v. William G. Pendill Marketing Company, Inc.* 117 USPQ 401, 402 (TTAB 1973) (denying a motion to strike where allegations about a trademark first use date were “pertinent” to the cause of action); *Burck v. Mars, Inc.*, 571 F. Supp. 2d 446, 457 (S.D.N.Y. 2008) (denying plaintiff’s motion to strike a parody-fair use defense because “it is valid to plead a parody defense even where the parody is used in part for advertising purposes”); *Walsh v. City of New York*, 585 F. Supp. 2d 555, 557 (S.D.N.Y. 2008) (denying plaintiff’s motion to strike an affirmative defense of culpable conduct because plaintiff had not established “with the necessary ‘certainty’ that the record contains no other facts on which the City could rely to prove its culpable conduct defense”).

force and effect of law” because the manual “does not modify, amend, or serve as a substitute for any existing statutes, rules, or decisional law and is not binding upon the Board, its reviewing tribunals, the Director, or the USPTO.” TBMP Introduction, § 101.05. Accordingly, the TBMP’s use of the phrase “may not be available” instead of the phrase “shall not be available” is not controlling. Similarly, even though the Manual does not expressly include “estoppel” in the discussion of unavailable equitable defenses, this “does not modify, amend, or serve as a substitute for any existing . . . decisional law.” TBMP Introduction, § 101.05 (“The TBMP is not – nor is it intended to be – a comprehensive reference on all aspects of the procedural or substantive law applicable to Board proceedings.”).

In contrast to the guidance in the TBMP, the TTAB precedent holding that these defenses are not available is definite, unequivocal, and not limited to the facts of the cases. *See Saint-Gobain Abrasives, Inc. v. Unova Indus. Automation Sys.*, 66 USPQ2d 1355, 1359 (TTAB 2003) (“It is well established that the equitable defenses of laches and acquiescence are not available against claims of . . . fraud, and abandonment.”); *Treadwell Drifters, Inc. v. Larry Marshak*, 18 U.S.P.Q.2d 1318, 1320 (TTAB 1990) (holding “as a matter of law, that respondent’s asserted equitable defenses [of laches and equitable estoppel] are not available against claims of fraud and abandonment”). (*See also* 8 TTABVUE, pp. 3-4.)

None of the alleged “facts” listed by Seven SpA on page 3 of its Opposition provide any basis to ignore the Board’s precedent holding that these affirmative defenses are not available as a matter of law. When Opposer’s Reg. No. 1,708,062 issued, or that no one allegedly has previously tried to cancel Reg. No. 1,708,062, is irrelevant as fraud and abandonment may be asserted at any time. *See* 15 U.S.C. §1064 (“A petition to cancel a registration of a mark, stating the grounds relied upon, may, . . . be filed as follows by any person who believes that he is or

will be damaged, . . . (3) [a]t *any time* if the registered mark . . . has been abandoned, or its registration was obtained fraudulently.”). Additionally, Opposer’s observation that the abandonment and fraud claims were not filed with the original answer is immaterial because the Board’s July 20, 2015 Order (6 TTABVue), accepted Applicant’s timely amendment to add its counterclaims.

Mere knowledge of Seven SpA and unrelated litigation imposes no legal obligation on Applicant to assert a claim to cancel a registration. Although Opposer refers to alleged instances of SFAM’s awareness of Seven SpA’s business, Seven SpA states no facts that would support that Applicant had an affirmative obligation to file a cancellation claim against Reg. No. 1,708,062 -- including identifying any prior proceeding where Seven SpA used the subject registration to block Applicant’s use or registration of its mark SEVEN FOR ALL MANKIND in Class 18. As recognized by the Board “the defendant is under no compulsion to seek to cancel the registration unless and until the plaintiff pleads the registration.” TBMP § 313.04. The claim against an unpleaded registration is not compulsory “[e]ven if the defendant *knows* grounds for cancellation of a plaintiff’s unpleaded registration when the defendant files its answer.” TBMP § 313.04 (emphasis added). Therefore SFAM had no legal obligation to assert a claim against Reg. No. 1,708,062 until Seven SpA asserted the registration in opposition to SFAM’s Application.

Any European proceedings or alleged evidence of use by Seven SpA in Europe is also irrelevant to whether Seven SpA abandoned its registration in the U.S. *See* TBMP § 704.03(b)(1)(A) (“[A] foreign registration is not evidence of the use, registrability, or ownership of the subject mark in the United States.”). For the same reason, such alleged evidence is also

irrelevant to whether Seven SpA submitted false statements of use to the USPTO regarding its use in *U.S. commerce*.

Seven SpA further does not allege any facts establishing that Applicant was aware, prior to this proceeding, that Seven SpA had not used its mark in commerce in the U.S. for over twenty consecutive years, or that Seven SpA had fraudulently submitted statements of use alleging use in commerce. Yet, Seven SpA insists that it needs discovery from *Applicant* regarding Seven SpA's use of its own mark. Rather than provide the Board any factual support for its claims, Seven SpA hypothesizes that "SFAM's documents and employees/agents may have relevant information [about Seven SpA's use] dating back over the past twenty years that is helpful to the Board and to Seven." (9 TTABVUE, Opp. Motion to Strike, p. 4.) Any evidence regarding whether Seven SpA used its mark in the United States since August 1992, and whether Seven SpA filed false statements of use, would be within the corporate records under Seven SpA's control. Opposer's absurd, unsupported insistence to the contrary confirms the unavailable affirmative defenses to Applicant's counterclaims of fraud and abandonment should be struck.

II. Opposer's Response Confirms Its Improper Denials Should Be Deemed Admitted

Despite Opposer's attempts to complicate the issues, the core issue raised by Applicant's fraud and abandonment counterclaims is whether Opposer has used its mark in U.S. commerce for the period from August 1992 to January 2013, and whether it was truthful in its Section 8, 9 and 15 filings with the USPTO. (5 TTABVUE, App. First Amended Answer and Counterclaims ¶¶ 4-22). Given that Opposer has continuously renewed and maintained Reg. No. 1,708,062 for twenty three years, the facts supporting such use should be readily verifiable in corporate records. Fed. R. Civ. P. 8 and 11 set out the requisite pleading standards, and Opposer has not

provided any reasonable basis for why it is not able to answer allegations regarding its own use of its mark, and the filings it made with the USPTO regarding its use of the mark.²

Applicant agrees that abandonment requires non-use of a trademark. Additionally, non-use of a mark for three years is prima facie evidence of abandonment. However, Opposer provides no explanation for its inability to answer allegations regarding whether in fact it used its trademark in U.S. commerce. Indeed, Opposer's own authority explains that upon a showing of a prima facie abandonment through non-use for three years "[t]he burden then shifts to the *trademark owner* to produce evidence that he either used the mark during the statutory period or intended to resume use." *Crash Dummy Movie, LLC v. Mattel, Inc.*, 601 F.3d 1387, 1391 (Fed. Cir. 2010) (emphasis added).

With regard to fraud, Opposer ignores that declarations of use are required and material to the issuance and maintenance of a registration. (8 TTABVue, Motion to Strike, pp. 9-12.) Additionally, before filing a statement of use, Opposer was required to investigate and confirm the same allegations asserted in Applicant's counterclaims, *i.e.* whether Opposer was using its mark. Opposer fails to identify any basis for being unable to confirm facts that it should have already investigated prior to filing with the USPTO.³

² Opposer's only authorities on this point are distinguishable. *GMC v. California Research Corp.* concerns specific objections to interrogatories "upon information and belief," not denials in a pleading. 80 USPQ 130, 131 (D.C. Del. 1958). While the court in *National Millwork Corporation*, agreed that a corporate defendant could assert denials "upon information and belief," where the officer lacked personal knowledge, the subject allegations involved false proof of loss and oral statements submitted by subordinate corporate officers in connection with an insurance claim. Here, Applicant's allegations would not require Opposer to declare personal knowledge of statements of its individual officers; rather, its allegations would require Opposer to affirm or deny a matter presumptively within its knowledge: whether it used its own mark on products in U.S. commerce when it certified on numerous occasions that it had done so.

³ This case is not like *In re Bose Corporation*, in which the Federal Circuit held that a trademark holder did not commit fraud when he submitted Section 8 affidavits of continued use for all goods in the original registration (including ones no longer being manufactured), when he

Finally, Opposer failed to respond regarding the denials of statements it made appearing in public documents Opposer filed with the USPTO. Where Applicant quoted statements directly from Opposer's Combined Declarations of Use and Incontestability of a Mark Under Sections 8 and 15, Opposer only admitted the acts of filing but plainly "denied with respect to SFAM's other allegations." (7 TTABVue, Seven SpA's Answer to Counterclaim ¶¶ 12, 13.) Opposer has still identified no basis for these denials.

III. CONCLUSION

For the foregoing reasons, SFAM respectfully requests that the Board grant SFAM's motion and (i) strike Opposer's improper affirmative defenses, and (ii) strike all improper denials, and deem all improper denials admitted, pursuant to Fed. R. Civ. P. 12(f) and TBMP § 506.01.

Respectfully submitted,

Date: October 20, 2015

By: /Susan M. Kayser/
Susan M. Kayser
Jessica D. Bradley
Allison Prevatt
Jones Day
51 Louisiana Avenue, NW
Washington, DC 20001
(202) 879-3939

Attorneys for Applicant
Seven for All Mankind LLC

"believed the statement was true at the time he signed the renewal application" based on his misunderstanding that merely repairing products no longer being manufactured did not qualify as "use in commerce." 580 F.3d 1240, 1246 (Fed. Cir. 2009). In contrast, here, Opposer does not offer the Board any support to determine the beliefs or the veracity of Seven SpA's statements filed with the USPTO.

CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing Reply in Support of Applicant's Motion To Strike Affirmative Defenses And Improper Denials From Opposer's Answer To Counterclaims has been served on Seven S.p.A.'s counsel by e-mail, pursuant to the agreement of the parties, on the 20th of October, 2015 to the below listed correspondence address of record:

Duane M. Byers
NIXON & VANDERHYE, P.C.
901 North Glebe Road, 11th Floor
Arlington, Virginia 22203
nixonptomail@nixonvan.com, dmb@nixonvan.com

/Jessica D. Bradley/
Jessica D. Bradley